

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	
)	Chapter 11
)	
PARTY CITY HOLDCO INC., <i>et al.</i> , ¹)	Case No. 23-90005 (DRJ)
)	
Debtors.)	(Jointly Administered)
)	

**DECLARATION OF ADAM B. KEIL
IN SUPPORT OF CONFIRMATION OF THE
FOURTH AMENDED JOINT PLAN OF REORGANIZATION
OF PARTY CITY HOLDCO INC. AND ITS DEBTOR AFFILIATES**

I, Adam B. Keil, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I submit this declaration (this “Declaration”) in support of confirmation of the *Fourth Amended Joint Chapter 11 Plan of Reorganization of Party City Holdco Inc. and Its Debtor Affiliates*, dated August 31, 2023 (as may be amended, modified, or supplemented in accordance with the terms thereof, the “Plan”) and the *Debtors’ (I) Memorandum of Law in Support of (A) Final Approval of the Debtors’ Disclosure Statement and Disclosure Statement Supplement and (B) Confirmation of the Debtors’ Plan and (II) Omnibus Reply to Objections Thereto* (the “Confirmation Brief”),² each filed substantially contemporaneously herewith.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Party City Holdco Inc. (9758); Amscan Custom Injection Molding, LLC (4238); Amscan Inc. (1359); Amscan Purple Sage, LLC (3514); Am-Source, LLC (8427); Anagram Eden Prairie Property Holdings LLC (8309); Party City Corporation (3692); Party City Holdings Inc. (3029); Party Horizon Inc. (5812); PC Intermediate Holdings, Inc. (1229); PC Nextco Finance, Inc. (2091); PC Nextco Holdings, LLC (7285); Print Appeal, Inc. (5932); and Trisar, Inc. (0659). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 100 Tice Boulevard, Woodcliff Lake, New Jersey 07677.

² Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan or the Confirmation Brief, as applicable.

2. The statements in this Declaration are, except where specifically noted, based on my personal knowledge or opinion, on information that I have obtained from the Debtors' advisors, the Debtors' management, and employees of Moelis & Company LLC ("Moelis") working directly with me and under my supervision, direction, or control. Specifically, I have overseen a Moelis team which, since March 2020, has advised the Debtors on multiple completed and contemplated transactions, and, in that capacity, I have been actively engaged advising the Debtors in the period of time leading up to and following the Debtors' chapter 11 filings. I am not being specifically compensated for this testimony other than through payments to be received by Moelis as a retained professional. I am over 18 years of age and authorized to submit this Declaration. If I were called upon to testify, I could and would competently testify to the facts set forth herein.

I. Background and Qualifications

3. I am a Managing Director at Moelis, a global investment banking firm providing financial advisory services, including with respect to mergers and acquisitions, capital raising, and restructuring transactions. Moelis is the investment banker and financial advisor to the Debtors retained in these chapter 11 cases, as described below. As a Managing Director, I am responsible for the day-to-day activities of the Moelis deal team.

4. I personally have 23 years of experience as an investment banker specializing in recapitalization and restructuring transactions. Throughout my career, I have advised debtors, creditors, equity holders, and other constituents on a wide variety of restructuring transactions across a broad range of industries.

5. Prior to joining Moelis in 2008, I spent approximately eight years in the Recapitalization and Restructuring Group at Jefferies & Company, Inc. I received a B.S. in Economics with concentrations in Finance and Entrepreneurial Management from the Wharton School at the University of Pennsylvania.

6. Since I began my career, my experience includes involvement in the chapter 11 cases of major consumer product and retail companies, such as A&P, Cengage Learning, Inc., Motor Coach Industries International, Inc., Orchard Supply Hardware, Sbarro LLC, Simmons Co., Toys R Us, Inc., Vlasic Pickles, and Winn-Dixie. I have also been involved in major chapter 11 cases across a range of industries, including but not limited to ATD Corporation, C&J Energy Services Ltd., Hornbeck Offshore Services Inc., iHeartMedia, Inc., Internap Technology Solutions Inc., Knotel, Inc., MD Helicopters Inc., NewPage Corporation, SFX Entertainment Inc., Sungard Availability Services, L.P., and Talen Energy Supply, LLC.

II. Moelis Retention

7. Moelis has been engaged by the Debtors to provide financial advisory and investment banking services since early 2020 and has worked with the Debtors to identify potential solutions to address financial challenges facing the business, including its highly leveraged capital structure, sizeable debt servicing obligations including significant interest payments and near-term maturities, and ongoing liquidity tightness driven in part by the Debtors' capital structure, continuing operational challenges and macroeconomic factors. These engagements included advising the Debtors and their affiliates on completed transactions, including (i) a 2020 exchange transaction involving the Debtors' Unsecured Notes, (ii) the Debtors' issuance of the Fixed Rate Notes in February 2021, and (iii) the August 2022 consent solicitation relating to the Anagram Wholly-Owned Subsidiaries' first and second lien notes, in each case, as described further in the First Day Declaration.³ Additionally, Moelis has been directly involved in the matters leading up to and following the Debtors' chapter 11 filings and the negotiations regarding debtor-in-

³ See Declaration of David Orlofsky, Chief Restructuring Officer of Party City Holdco Inc., in Support of Chapter 11 Petitions and First Day Motions [Docket No. 11].

possession financing, the Restructuring Support Agreement, the Plan, a new money rights offering, and exit financing.

8. On January 24, 2023, the Debtors applied to retain Moelis as their investment banker and financial advisor in their chapter 11 cases pursuant to the *Debtors' Application for Entry of an Order (I) Authorizing the Employment and Retention of Moelis & Company LLC as Investment Banker and Financial Advisor for the Debtors, Effective as of the Petition Date, and (II) Granting Related Relief* [Docket No. 233]. On February 21, 2023, the Court entered its *Order (I) Authorizing the Employment and Retention of Moelis & Company LLC as Investment Banker and Financial Advisor for the Debtors, Effective as of the Petition Date, and (II) Granting Related Relief* [Docket No. 524].

9. Moelis has worked closely with the Debtors' management, creditors, and other professionals and advisors in assisting in the Debtors' restructuring efforts. As a result of its extensive experience with the Debtors, Moelis has acquired significant knowledge of the Debtors and their businesses and is intimately familiar with the Debtors' financial affairs, capital structure, business operations, key stakeholders, capital needs, potential financing structures, and related matters.

III. Valuation of the Debtors

10. At the Debtors' request, and solely for purposes of the Plan and Disclosure Statement, Moelis estimated a range of total enterprise value and equity value for the Reorganized Debtors on a going-concern basis and pro forma for the transactions contemplated by the Plan (the "Valuation Analysis"), which is set forth as Exhibit D to the Disclosure Statement. My team and I prepared the Valuation Analysis based our review of various materials related to the Debtors—including financial results and performance provided by the Debtors, the financial projections

prepared by the Debtors' management team and other advisors and attached as Exhibit F to the Disclosure Statement (the "Financial Projections"), and other publicly available information—and relied on that information in preparing the Valuation Analysis. The Financial Projections, which covered the period from 2023 through 2027, are comprised of the operations of the Debtors and their wholly owned subsidiaries, excluding Anagram Wholly-Owned Subsidiaries.

11. All facts set forth in the Valuation Analysis are based upon my personal knowledge, my experience, my review of relevant documents, information provided to me by Moelis employees working under my supervision, or information provided by members of the Debtors' management team or their advisors. The views that appear in the Valuation Analysis, including the estimated total enterprise value and equity value for the Reorganized Debtors, are based on my own review of the foregoing information.

12. The Valuation Analysis estimates the enterprise value and equity value of the Reorganized Debtors under the Plan, as of an assumed valuation date of June 30, 2023 (the "Assumed Valuation Date"). In developing the Valuation Analysis, I, along with Moelis employees under my supervision, considered the results of three generally accepted valuation methodologies: (a) a selected publicly traded companies analysis; (b) a selected transactions analysis; and (c) a discounted unlevered free cash flow analysis. In addition, the Valuation Analysis in this Declaration is described in greater detail, and is subject to all of the assumptions and limitations set forth, in the Disclosure Statement, including management's assumption that the Reorganized Debtors would emerge with approximately \$256 million of net debt on the balance sheet as of the Assumed Valuation Date.

13. As of the filing of the Debtors' Disclosure Statement, the estimated enterprise value of the Reorganized Debtors as of the Assumed Valuation Date was in a range of approximately

\$600 million to \$925 million. After adjusting for estimated net debt at emergence of \$256 million, the implied equity value was in a range of approximately \$343 million to \$668 million.

14. Since the Court's conditional approval of the Disclosure Statement, in May 2023, the Debtors developed a revised set of financial projections (the "Updated Financial Projections") based on (a) actual financial performance through the period ended March 31, 2023, and (b) adjustments to certain forward looking assumptions based on recent financial performance and a revised business outlook following changes in the macroeconomic environment. The Updated Financial Projections cover the period from April 1, 2023, through December 31, 2023, and the fiscal years from January 1, 2024, through December 31, 2027.

15. Following development of the Updated Financial Projections, Moelis updated the valuation analysis (the "Updated Valuation Analysis"), a copy of which is attached as Exhibit G to the Disclosure Statement Supplement.

16. The methodologies employed in the development of the Updated Valuation Analysis remain consistent with those relied on in the Valuation Analysis and include (a) a selected publicly traded companies analysis, (b) a selected transactions analysis, and (c) a discounted unlevered free cash flow analysis. The primary drivers of differences between the Valuation Analysis and Updated Valuation Analysis include (a) the use of Updated Financial Projections, (b) updates to market data applied in the Updated Valuation Analysis, and (c) a revised valuation date of September 30, 2023 (the "Updated Assumed Valuation Date"), to better align with the Debtors' anticipated emergence from chapter 11.

17. After reviewing the Updated Financial Projections and refreshing publicly available information used in our Valuation Analysis, Moelis made updates to the Valuation Analysis based on the updated information but with the same methodology and process as used to

prepare the Valuation Analysis. Compared to the Valuation Analysis, as of the Updated Assumed Valuation Date, the total enterprise value of the Reorganized Debtors collectively has decreased from the estimated range set forth in the Valuation Analysis to a revised range of approximately \$450 million to approximately \$775 million, with a midpoint of approximately \$613 million. Accordingly, after adjusting for estimated net debt at emergence of \$513 million, the implied equity value of the Reorganized Debtors has also decreased from the estimated range set forth in the Valuation Analysis to a revised range of approximately \$0 to approximately \$262 million.

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Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true to the best of my knowledge, information, and belief.

August 31, 2023

/s/ Adam B. Keil

Adam B. Keil
Managing Director
Moelis & Company LLC